

Message Text

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21

ACTION EB-07

INFO OCT-01 NEA-10 IO-13 ISO-00 AGR-05 CIAE-00 COME-00

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FM AMEMBASSY ISLAMABAD

TO SECSTATE WASHDC 7327

INFO AMEMBASSY NEW DELHI

USMISSION GENEVA

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GENEVA FOR SPRUCE

DEPT PASS STR FOR AMB DENT FROM SMITH

E.O. 11652: N/A

TAGS: ETRD, IN, PK,

SUBJECT: INDIAN VIEWS ON RENEWAL OF MFA

1. ON AUGUST 20, CHAIRMAN USDEL PRESENTED US POSITION SUPPORTING RENEWAL OF MFA WITHOUT SIGNIFICANT CHANGE DURING NOVEMBER 30-DECEMBER 7 MEETING IN GENEVA.

2. PREM KUMAR (JOINT SECRETARY, INDIAN MINISTRY OF COMMERCE) IMMEDIATELY RESPONDED THAT INDIA HAD NOT DETERMINED ITS POSITION ON MFA RENEWAL; THE ATTITUDE TAKEN BY INDIA WOULD DEPEND ON HOW INDIA SEES A NUMBER OF PROBLEMS BEING RESOLVED. FOR EXAMPLE, (A) HOW MEMBERS OF THE MFA CARRY OUT THE GOALS STATED IN ARTICLE I OF THE MFA AND (B) THE EXPERIENCES OF OTHER DEVELOPING COUNTRIES. AS TO SPECIFIC PROBLEMS WITH THE MFA, KUMAR MENTIONED (1) THE "TENDENCY OF IMPORTING COUNTRIES TO BYPASS THE MFA THROUGH THE USE OF GATT ARTICLE 19"; (2) THE IMPLEMENTATION OF DECISIONS BY THE TSB; (3) THE INTRODUCTION OF NEW CONCEPTS WHICH INDIA FEELS ARE EXTRANEIOUS TO THE LIMITED OFFICIAL USE

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MFA, SUCH AS THE CONCEPT OF MINIMUM VIABLE PRODUCTION

PRESENTED BY THE NORDICS ON NATIONAL SECURITY GROUNDS. KUMAR CONTINUED THAT INSUFFICIENT ATTENTION HAD BEEN PAID TO THE DEVELOPING STATUS OF BOTH TEXTILE EXPORTING COUNTRIES AND COTTON GROWING COUNTRIES. KUMAR NOTED THAT THE TARIFF PREFERENCE TREATMENT OF TEXTILES DIFFERED WIDELY AMONG IMPORTING COUNTRIES; TARIFFS ON TEXTILES NEEDED ATTENTION EITHER IN THE MTN OR ELSEWHERE. SUMMARIZING, KUMAR SAID THAT THE IMPORTANT GENERAL FACTORS FOR INDIA WERE THE METHODS TO BE USED TO ACHIEVE THE GOALS OF THE MFA AND TO RESOLVE PROBLEMS.

3. KUMAR SUBSEQUENTLY ADDED THAT INDIA WAS NOT THEN IN A POSITION TO GIVE A COMMITMENT ON THE MFA. HE REPEATED THAT INDIA'S POSITION WOULD DEPEND ON THE RESULTS OF BILATERAL NEGOTIATIONS AND THE ACHIEVEMENT OF THE OBJECTIVES OF THE MFA. HE THEN ADDED THAT HELPFUL FACTORS WOULD ALSO INCLUDE THE BASING OF QUOTAS ON REAL MARKET DEMAND SUBJECT TO SPECIFIED LIMITS RELATED DIRECTLY TO ACTUAL MARKET DISRUPTION. AN APPROPRIATE SOLUTION TO THE HANDLOOM IMPORT QUESTION WOULD ALSO BEAR FAVORABLY ON MFA RENEWAL. KUMAR CONCLUDED THAT EVEN IF GOI/USG BILATERAL PROBLEMS WERE TO BE SATISFACTORILY RESOLVED, INDIA WOULD STILL NOT BE ABLE TO TAKE DEFINITIVE POSITION ON MFA UNTIL ITS BILATERAL RELATIONS WITH OTHER TEXTILE IMPORTING COUNTRIES HAD BEEN ALSO SATISFACTORILY RESOLVED. BYROADE

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